

Audit Committee

01 November 2018



Title	Internal Audit Interim Report		
Purpose of the report	To note		
Report Author	Internal Audit Manager, Punita Talwar		
Cabinet Member	Councillor Howard Williams	Confidential	No
Corporate Priority	Financial Sustainability		
Recommendations	That the Committee notes the report.		
Reason for Recommendation	Not Applicable.		

1. Key issues

- 1.1 *“Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”* (Definition of Internal Auditing - Public Sector Internal Audit Standards)
- 1.2 Appendix 1 summarises Internal Audit work undertaken in the period April to September 2018. Audit reports were issued to Group Heads and relevant managers, as well as Management Team, and these included recommendations aimed at reducing risks and strengthening internal controls. Progress on implementation of audit recommendations together with the direction of travel is provided.
- 1.3 In addition to audit reviews, details of other work undertaken (including corporate tasks and quality assurance process for Internal Audit) is outlined at Appendix 1. Some examples of how Internal Audit supports the organisation in achieving its objectives are set out below:
 - (a) Reactive and pro-active advice provided to services and corporate groups on various risk and control issues
 - (b) Management of counter fraud initiatives
 - (c) Suspected fraud Investigations
 - (d) Supporting corporate governance arrangements

- (e) Corporate Risk Management – see separate report. Audit provides advice to Management Team, Corporate Risk Management Group (CRMG) and co-ordinates the Council's Corporate Risk Register
- 1.4 The Internal Audit function has operated with a significant resource shortage during the first half of 2018/19, essentially a reduction of 1 FTE from a team of 1.75 FTE. Following a recruitment process to fill the vacant Senior Auditor post, it is reassuring that the newly recruited post holder will be commencing in November. In addition the ongoing requirement for Contractor Audit resource to support delivery of planned assignments prevails and Spelthorne have recently joined the Croydon legal Framework for Internal Auditor Resource which provides a mechanism to procure Auditor days as required. The Internal Audit Manager is working with the service provider to progress audits to be undertaken. These circumstances have inevitably required some reprioritising of the 2018/19 Internal Audit plan.
- 2. Options analysis and proposal**
- 2.1 There are no options.
- 3. Financial implications**
- 3.1 The Corporate fraud returns collated by the Internal Audit Manager demonstrate the significant cumulative financial returns/savings achieved. From January 2015 to June 2018, savings to the public purse exceed £1.9m with estimated quantifiable cashable savings for Spelthorne amounting to £354k. Returns for quarter 2 of 2018/19 are currently being collated.
- 4. Other considerations**
- 4.1 Implementation of audit recommendations will assist in the reduction of risks faced by the authority and improve control procedures.
- 5. Timetable for implementation**
- 5.1 Not applicable.

Background papers:

Appendices: Summary of Internal Audit work April – September 2018